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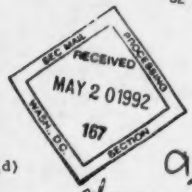

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992

Commission File Number 0-2970

COMMERCIAL DECAL, INC.

(Exact name of registrant as specified in its charter)

NEW YORK	13-1725195
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification number)

650 SOUTH COLUMBUS AVENUE, MOUNT VERNON, NEW YORK 10550

(Address of principal executive offices)

Registrant's telephone number, including area code (914) 664 1610

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As at March 31, 1992, there were outstanding 1,219,509 shares of common stock and 40,471 shares of cumulative voting preferred stock.

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PART 1 FINANCIAL INFORMATION

COMMERCIAL DECAL, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	March 31 1992	September 30 1991
	(Unaudited)	(Note)
CURRENT ASSETS		
Cash and cash equivalents	$ 109,133	$ 109,871
Receivables	832,669	832,027
Less - allowance for doubtful accounts	133,040	125,760
	699,629	706,267
Inventories		
Finished goods	352,944	527,864
Work in process	91,501	181,112
Raw materials	184,425	246,748
	628,870	955,724
Sundry current assets	84,378	63,982
TOTAL CURRENT ASSETS	1,522,010	1,835,844
PROPERTY, PLANT AND EQUIPMENT	6,578,372	6,570,176
Less - accumulated depreciation	5,295,887	5,190,710
	1,282,485	1,379,466
OTHER ASSETS	315,303	317,198
	$ 3,119,798	$ 3,532,508

CONSOLIDATED BALANCE SHEETS (continued)

LIABILITIES AND SHAREHOLDERS' EQUITY	March 31 1992 (Unaudited)	September 30 1991 (Note)
CURRENT LIABILITIES		
Note payable - bank	$ 370,000	$ 400,000
Current portion of long term debt	23,880	23,880
Accounts payable	1,144,517	1,189,362
Accrued liabilities	451,725	317,023
TOTAL CURRENT LIABILITIES	1,990,122	1,930,265
LONG-TERM DEBT, less current portion - Note B	958,619	370,560
TOTAL LIABILITIES	2,948,741	2,300,825
SHAREHOLDERS' EQUITY		
6% Cumulative Voting Preferred Stock, par value $10 a share - authorized 200,000 shares; issued 52,076 shares	520,760	520,760
Common Stock, par value $.20 a share - authorized 2,000,000 shares; issued 1,322,910 shares	264,582	264,582
Additional paid-in capital	2,063,939	2,063,939
Retained earnings (deficit)	(2,381,135)	(1,320,509)
	468,146	1,528,772
Less treasury stock - at cost		
Preferred Stock - 11,605 shares	80,601	80,601
Common Stock - 103,401 shares	216,488	216,488
	171,057	1,231,683
	$ 3,119,798	$ 3,532,508

Note: The balance sheet at September 30, 1991 has been derived from the audited financial statements at that date.

See notes to consolidated financial statements.

COMMERCIAL DECAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

(UNAUDITED)

	Six Months Ended March 31		Three Months Ended March 31	
	1992	1991	1992	1991
Net sales	$ 2,448,861	$ 2,604,503	$ 1,263,592	$ 1,214,894
Costs and expenses:				
Cost of goods sold	1,956,701	1,942,213	1,010,567	925,685
Selling, general and administrative	1,357,585	1,302,921	663,416	639,914
Research and development	150,028	391,958	77,092	207,432
Interest expense	84,992	51,343	40,108	22,633
Other (income), net	(39,819)	(81,128)	(3,692)	(50,907)
Total costs and expenses	3,509,487	3,607,307	1,787,491	1,744,757
Net Loss	(1,060,626)	(1,002,804)	(523,899)	(529,863)
Retained earnings (deficit) at the beginning of period	(1,320,509)	185,758		
RETAINED EARNINGS (DEFICIT) AT END OF PERIOD	$ (2,381,135)	$ (817,046)		
(Loss) per common share	$ (.88)	$ (.83)	$ (.44)	$ (.44)
Dividends per common share	-	-	-	-
Average number of shares outstanding	1,219,509	1,219,509	1,219,509	1,219,509

COMMERCIAL DECAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended March 31	
	1992	1991
OPERATING ACTIVITIES		
Net (loss)	$ (1,060,626)	$ (1,002,804)
Adjustments to reconcile net (loss) to Net cash provided by operating activities:		
Depreciation of property, plant and equipment	105,177	127,167
Provision for losses on accounts receivable	12,000	12,000
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(5,362)	126,972
Decrease in inventory, net	326,854	102,825
(Increase) Decrease in sundry current assets	(20,396)	38,385
Decrease in other assets	1,895	6,078
Increase in accounts payable and accrued expenses	89,857	359,668
NET CASH (USED IN) OPERATING ACTIVITIES	(550,601)	(229,709)
INVESTING ACTIVITIES		
Additions to plant & equipment-net	(8,196)	-
NET CASH (USED IN) INVESTING ACTIVITIES	(8,196)	-
FINANCING ACTIVITIES		
Proceeds from bank loan	-	200,000
Payments on Bank Loan	(30,000)	-
Proceeds from mortgage	600,000	-
Principal payments on long-term debt	(11,941)	(11,940)
NET CASH PROVIDED BY FINANCING ACTIVITIES	558,059	188,060
(DECREASE) IN CASH AND CASH EQUIVALENTS	(738)	(41,649)
Cash and cash equivalents at beginning of period	109,871	212,396
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 109,133	$ 170,747

COMMERCIAL DECAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended September 30, 1992. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended September 30, 1991.

NOTE B - LONG TERM DEBT

Long-term debt consists of the following:

	March 31, 1992	Sept. 30, 1991
5 % loan collateralized by cash surrender value of officer life insurance	219,388	219,388
5 % collateralized loan due in monthly installments of $ 1,990 plus interest, to 1999. Subsidized by New York State Energy Office.	163,111	175,052
10% loan collateralized by mortgage on company's property in Mt. Vernon	600,000	
	982,499	394,440
Less Current Portion	23,880	23,880
	958,619	370,560

NOTE C - CONTINGENCY

On August 2, 1991 the Company consented to the issuance of an order by the New York State Department of Environmental Conservation (DEC) against the Company alleging that it was violating certain sections of the New York Environmental Conservation Law. Pursuant to the settlement, the Company paid a penalty of $200,000 in October, 1991 and agreed to develop a plan which will enable the Company to achieve compliance with DEC requirements by June 12, 1992.

The Company has commenced a legal action to set aside this consent order. If the Company is successful in this action, no additional capital expenditures pursuant to the original order of consent will have to be made. The outcome of this legal action can not be presently ascertained.

PART II OTHER INFORMATION

Items 1 through 5 are omitted because they are inapplicable or answer is negative.

Item 6 Exhibits and report on Form 8-K

a. Exhibits - none

b. No reports on Form 8-K have been filed during the quarter

MANAGEMENTS' DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Net sales of $1,263,592 for the second quarter ended March 31, 1992 increased $48,698 or 4% over sales of $1,214,894 for 1991. For the six month period, net sales of $2,448,861 were $155,642 or 6% lower than net sales of $2,604,503 for the prior year. During the quarter, the Company achieved a moderate sales increase, but there was an overall decrease for the six month period which resulted primarily from a reduction in customer requirements for glass cookware product decals.

Gross margin from operations was $253,025 or 20% for the current quarter as compared with $289,209 or 23.8% for the prior year. For the six month period, gross margin was $492,160 or 20.1% as compared with $662,290 or 25.4% for 1991. The reduced gross margin is attributable to the decline in sales volume and the inability of the Company to further reduce manufacturing related fixed costs.

Research and Development expenses decreased $130,340 for the current quarter and $241,930 for the six month period over 1991. The cost reductions are attributable to personnel reductions and managements' efforts to control expenses because of the Companys' lower sales volume.

Interest expense increased $17,475 for the current quarter and $33,649 for the six month period. The increases resulted primarily from additional borrowings.

Operations for the current six month period resulted in a net loss of $1,060,626 or $.88 per share as compared with a net loss of $ 1,002,804 or $.83 for the prior year period.

LIQUIDITY AND SOURCES OF CAPITAL

As of March 31, 1992, the Company had a negative working capital of $468,112 and its' current ratio was .76 to 1. During the current six month period, the Company used cash of $550,601 in its' operating activities.

In October, 1991 the Company borrowed $600,000 from three shareholders under a demand note with interest at 10% collateralized by a mortgage on the Companys' property in Mount Vernon, New York. Also, in October, 1991 the Company paid $200,000 to the New York State Department of Environmental Conservation (DEC) in settlement of a prior complaint (see Note C - Contingency).

The Company requires additional funds to finance future operations and to meet existing obligations. The Company has offered its' Mount Vernon facility for sale and is also considering other ways of conserving cash and generating cash flow, including obtaining additional financing, deferral of capital expenditures and expanding sales efforts.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMERCIAL DECAL, INC.

Date: May 14, 1992

Charles K. Silberstein, President

Date: May 14, 1992

Harry Kamph, Treasurer